Diet Coke launch

(Continued from Page 69)

of the soft-drink market) expect Diet Coke will go on the shelves sometime in June, but they believe that Coke will have to address image problems here, largely due to the race issue.

In this segregated market, where soft drinks are expected to grow 12% this year, blacks consume 70% of the soft drinks. But only 4% of that is low-calorie, indicating that blacks are not as a whole diet-conscious. Among whites, however, 20% of the soft drinks consumed are in the category.

Tab now holds 80% of the diet segment, with Diet Pepsi (which still is not available nationwide) covering the rest.

Norway

Artificial sweeteners are forbidden in Norway except for use by diabetics, and the term diet or low-calorie cannot appear on labels; drinks like Tab are technically only for use by diabetics. Still, the irony is that 11% of soft drinks sold in Norway are diet—only the U.S. and Canada rank higher.

In countries like Norway and Germany, where the word diet connotes illness, Diet Coke will become Coke Light, but that may cause problems, too. Authorities are warning that if there is a sharp increase in consumption of these drinks, they will ban the "light" name and maybe diet drinks as well.

Thus an aggressive Diet Coke advertising and promotion campaign could hurt everyone in a country where there traditionally has been an agreement among soft-drink companies to limit marketing of diet drinks to diabetics and in-store marketing, sources said.

Coke's plans to launch Diet Coke in Norway await a decision from health authorities on whether new sweeteners such as aspartame will be approved for use.

Great Britain

In England, the Diet Coke formulation is still in question. While saccharin is approved, two new sweeteners—aspartame and acesulphane—likely will be okayed by year's end.

Diet drinks account for 5% of Britain's total soft-drink market, but as much as 45% of that is accounted for by Schweppes' Slimline range, and only 20% by colas. However, the diet-cola segment grew by 30% in volume last year with little promotional support, and many observers believe it is ripe for expansion.

Diet Pepsi holds 55% of this business, with Tab trailing at 15%. The Diet Coke introduction could mean the end of Tab, or at least a dramatic cut in its sales.

Schweppes' marketing director Mike Hewitt said, "My view is that Diet Coke will waken the whole U.K. diet market. It will bring new awareness of diet drinks and fit in with all the market trends. A third of the population is interested in controlling their weight, and not all of them drink low-calorie drinks." Schweppes does not see Diet Coke pinching share from its Slimline products and is prepared to enjoy the market growth following a Coke assault.

Germany

Germany, Coke's third-largest market behind the U.S. and Canada, has an undeveloped diet-drink category that will pose problems for Diet Coke. One reason, again, is heavy mineral water consumption, and another is that laws permit only limited use of sweeteners. Even Coca-Cola's "light" brands, Fanta Light and Lift Light, did poorly here, with small ad support.

If Diet Coke is introduced in April or May as expected, Coca-Cola, according to one insider, "will have to create a brand-new market with heavy advertising pressure—at least $4.5 million." In addition, the name will have to be Coca-Cola Light or Coke Light, since "diet" carries implications of illness here as well.

Japan

The diet soft-drink market in Japan is "10 to 15 years behind the U.S.," said Jimmy Page, assistant to the president of Coca-Cola Japan, partly because the government strictly limits the amount of saccharin to a level well below that allowed in the U.S. According to Mr. Page, "there is no true diet drink in Japan, by American standards." For example, Diet Pepsi, which was introduced in Tokyo several months ago primarily for westerners, has only 50% fewer calories than regular Pepsi-Cola.

Coca-Cola Co. decided not to market Tab in Japan because research found consumers did not like the taste of saccharin. Diet Coke, likewise, probably will not be launched in Japan until the government approves aspartame, which could happen this year.

Even so, the diet segment remains a mere 0.1% of the total soft-drink market, primarily because "there is still little consciousness about counting calories as is done in the West," according to Marty Rose, who handles Pepsi's account in Japan for J. Walter Thompson Co. He added, however, that interest in dieting gradually has in-

(Continued on Page 72)

Pepsi Free sets world markets

While Coca-Cola Co. puts its international marketing muscle behind the worldwide launch of Diet Coke, PepsiCo International is gearing up to introduce the first caffeine-free cola in many of the same markets.

According to Terry Fassburg, director of pr, PepsiCo International "is actively investigating the launch of Pepsi Free in developed markets where a large segment of consumers are health and fitness conscious." While not willing to name the targeted markets, Mr. Fassburg says PepsiCo is "looking at places where decaffeinated coffees, light beers and diet drinks have been successful."

Decaffeinated Pepsi Free, both regular and sugar-free (with aspartame), debuted in English Canada last November and, he said, "results there will serve as a bellwether for future international launches."

Those results already are encouraging, said PepsiCo's Canadian marketing director Arrol Simms. Pepsi Free, he said, has achieved 95% distribution in English Canada and won 2% of the entire Canadian soft-drink market (including Quebec) after six weeks in English markets only.

The sugar-free version of Pepsi Free already is claiming 25% of the Canadian diet segment, adds Mr. Simms, who feels the combination of sugar-free and caffeine-free will prove the real winner. "If you've got people who are concerned about their health," he says, "there is a high likelihood they will also be concerned about caffeine consumption. And if you have a product like Pepsi Free, which can give them both benefits, that's what they're going to choose."#—*C.H.*

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Y&R a heavy investor in executive training

By CHRISTY MARSHALL

NEW YORK—When Ed Ney took over the helm of Young & Rubicam 11 years ago, he drew up a priority list that stressed vertical and horizontal growth.

Since he became chairman, the agency has added domestic and international outposts, including an affiliation with Dentsu, the largest advertising agency in the world. And there are the other capabilities, he added, ranging from medical care communications to pr to direct mail.

To keep on top of its growth, continue to turn out its own management talent pool and insure that all hands at Y&R's various new and old offices remain faithful to the Y&R modus operandi, the agency has found it necessary to create what could be called its own in-house college. In charge of this extensive program is 39-year-old senior vp Nick Rudd.

Today, Y&R annually invests at least $1 million in this management training program. While other agencies have their own forms of indoctrination, or seek to train neophytes who demonstrate promotability, no agency goes about the task as intensively as Y&R. The agency also makes the largest investment in terms of capital, manpower and man-hours. At other agencies, training tends to take place at lunch hour or after-five programs that stretch over a series of weeks or months. Y&R submerges its employes in its various training sessions.

There are 18 separate management development programs at Y&R, covering strategy, creative, print, broadcast, direct marketing, selling, lawful interviewing, performance appraisal, time management, writing and presentation skills.

The mission of training is "to assist Y&R managers in fulfilling staff potential and in improving product quality," Mr. Rudd said. "Training is not remedial," he continued. "It is making good people better and better people best. It is not taking people who are bad and making them okay."

One of the most grueling of the 18 courses available at Y&R is its Advertising Skills Workshop. Held twice a year, this course requires the Y&R executives to spend five and one-half weeks in a classroom, from 8:30 a.m. to 5:30 p.m. daily. It's one of the more intensive programs imaginable, and to select applicants Mr. Ney writes Y&R's 126 managers and "basically says, 'Give me your best and your brightest,'" Mr. Rudd said. Nominees are winnowed out by the individual agency's management, who ultimately send one name on to Mr. Rudd.

In turn, he constructs a heterogeneous group "representing the breadth of Y&R" in terms of geography, specialty and function. He also makes a conscious effort to insure the presence of women in the sessions. The classes run about 50% to 60% account people, with creative, financial, legal, production people comprising the remaining members.

Over the month and a half, students are addressed by representatives of all of Y&R's subsidiaries, referred to as "resources." For instance, someone from Sudler & Hennessey is there to discuss medical care advertising. Another representative is there from Wunderman, Ricotta & Kline to discuss direct-mail marketing. Yet another comes in from Y&R's Concepts Group to describe the company's new-product development capability. They are also taught the Y&R way of doing things, as well as key points in handling clients.

Agency chairman Ed Ney addresses opening session of a Young & Rubicam Advertising Skills Workshop in New York. Y&R says its program is one of the most extensive in the agency field.

Throughout the course, the students apply what they have learned to a case study, an example that is either real or is based on reality. In a recent course, the test case was a hypothetical Better for You food line from General Foods. Ultimately, students will make individual presentations based on what they've learned. There are no grades, no pass/fail.

The "students" stay in a midtown hotel with their own Y&R office picking up the tab for food and lodging. The program is designed to "expand a specialist's perspective into that of an advertising generalist," Mr. Rudd said. "They know these things already. I'm just providing them with a skeleton to hang things on."

Students tend to be in their late 20s or early 30s, with an average of two to four years experience at Y&R.

"It is not a case of the student knows nothing and the trainer knows everything," Mr. Rudd said. "The participant knows something, the trainer also knows something and the role of the facilitator is to assist the participant in arriving at a solution." Socrates would be right at home in a Y&R classroom.

"I am not learning new things, but I'm learning new ways of thinking about things," said Erick Van Hal of Y&R/Amsterdam, a recent student. Frank Armstrong, of Y&R's Montreal outpost, agreed.

Not only do the trainees come to Y&R headquarters here, but Y&R trainers take their show on the road.

"In general we attempt to provide services to the units of Y&R," Mr. Rudd said. For instance, say the London office decides it needs some fine honing of its presentation skills. Mr. Rudd is contacted and, after confirming the need, packs off a trainer for that skill workshop. "It is up to Y&R/London to get the people in the room," Mr. Rudd said.

The various training programs have evolved over the years. While day-after recall was the rage five years ago, today the emphasis is on consumer behavior. Mr. Rudd is now working with Jonas Wagner, vp-corporate marketing supervisor, on putting together a two-day "Whole Egg" workshop, designed to indoctrinate new Y&Rers in the "Whole Egg" dictum of the agency.

The training program also provides cassettes. In the third quarter of '82, cassettes were sent out covering a prospect profile, creativity, the Clio Awards and senior vp-creative director David Tree talking about "new wave" advertising. In that same quarter, in the USA, 41 employes took the performance appraisal and planning seminar; 29 took lawful interviewing, and 23 took the writing skills workshop.

"When we don't train we get into trouble," Mr. Rudd said, adding that in the mid-'70s, the company cut back. "We learned a big lesson. It caused us to skip a management generation and it really was a problem," he noted.

Mr. Rudd has been entrenched in training ever since he arrived at Y&R 11 years ago with an MBA from Columbia Business School. His first assignment was to rewrite the personnel policy manual. "From the beginning I was thinking about all of Y&R," as opposed to any individual discipline, Mr. Rudd noted. At that time, his training was a yearlong program dubbed "Executive Development Training." It consisted of rotating around the agency, spending time with people in all the various disciplines.

When Ed Ney decided that training was key to Y&R's success, he turned to Mr. Rudd to figure out the details.

"I have a bent for this stuff," Mr. Rudd said. "I enjoy communicating about it. I have the kind of mind that enjoys deducing the principle." When he looked to other agencies for management training models, he found the majority were primarily focused on orientation.

So he took on the roles of teacher, coordinator and administrator himself. Today, Mr. Rudd says, "Y&R managers are my clients. Their people are my accounts."#

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Diet Coke's world launch

(Continued from Page 70)
creased.

Yasunori Watanabe, PepsiCo Japan's director of marketing, added that Japanese women "don't like to show they are dieting in front of others," and that a diet drink must "stress its fashionableness in advertising in order to overcome this problem."

Other markets

Three other markets where Coke will have to build the diet market from scratch are France, Brazil and Sweden.

Of the three, Sweden holds the most potential since the total ban on cyclamates and the limited ban on saccharin will be alleviated by the February approval of aspartame by health officials.

Diet Coke is due in Sweden in May, probably with the name Coke Light, and a formula combining aspartame and a small amount of saccharin. Coke Sweden expects Ramlosa, Scandinavia's leading mineral water producer, initially to provide the major competition.

The main barrier to Diet Coke's entry in Brazil is a tough government regulation that maximum recommended consumption of the diet beverage clearly be stated on the label.

"You have to give maximum intake a day, not more than half a liter a day," said Coca-Cola Brazil's marketing director Jorge Giganti. "It's like a medicine. You can't launch it as a diet product."

Coke, however, hopes to get Diet Coke, Brazil's first diet drink since Tab bombed here a decade ago, approved by health and agriculture ministries without restrictions.

Finally in France, there is no chance of introducing Diet Coke because of stiff rules preventing the use of all artificial sweeteners (including aspartame), except through pharmacies. The country's powerful sugar beet interests so far have been successful in their fight to prevent France from conforming to EEC standards, which permit the use of artificial sweeteners.#

Contributing to this report were Nancy Giges in New York, Tony Thompson in Toronto, Robin Powell in Sydney, Marina Specht in Buenos Aires, Laurel Wentz in Sao Paulo, Jack Burton in Tokyo, Tone Skardal in Oslo, Mark Goldsmith in Stockholm, Dagmar Mussey in Duesseldorf, Des Kilalea in Johannesburg, Howard Sharman in London and Carolyn Pfaff in Paris.

Conair to break tv spot

EDISON, N.J.—Conair Corp. will break a new tv commercial by the end of March for its Jheri Redding Milk 'n Honee haircare line themed, "How nature meant your hair to be." The campaign was created in-house.

The saga of a fourth network . . .

By Jim Hammett

When the Independent Network News first aired on June 9, 1980, it had the makings of being a news media event in itself. It should have grabbed headlines, if not in the general media, at least in the trade press.

But it didn't.

Nine days earlier, Ted Turner launched Cable News Network and caught the attention of the general and trade press, as well as the banner, "the fourth network." Never mind that INN was being beamed by satellite to all but one of the top 20 major tv markets or that some of network tv's top advertisers were funding the effort the first year.

All that heralded the INN launch were a few posters and some introductory spots on the stations that would carry it. Even a short time after INN's launch, some viewers confused INN with Turner's CNN, because some of the independent stations carrying INN were included in the basic programing package cable companies offered their subscribers.

It's a little different now.

Today, some 80-plus stations carry the INN news broadcasts, and, according to its executives, INN's advertising stables have broadened "considerably."

Before INN's debut, independent stations offered a variety of approaches to news—some bordering on the comical—largely because of limited budgets and manpower.

Satellites and earth stations changed much of that, though, helping pave the way for a nonnetwork newscast that independent stations around the country could use as their own news program.

John Corporan, INN senior vp-news and general manager, and the man credited with the INN idea, said the cost of distributing INN (or any newscast like it) by American Telegraph & Telephone lines (the alternative) would have been too prohibitive for many INN "affiliates" had the independents not led the way in putting up earth stations to receive programing.

Space-age technology aside, the idea of a national nonnetwork newscast had been tossed around at New York independent tv station WPIX as far back as the early 1970s, according to Mr. Corporan. INN is a separate division of WPIX, which is owned by the Tribune Co.

"Originally," he said, "we went to the Independent Television News Assn. [ITNA] with the idea." At that time, he said ITNA provided daily news feeds to some 20 independent stations, via satellite, and WPIX wanted to use some of ITNA's resources as part of the newscast.

But ITNA turned down the request because other independents in the larger markets were taking the ITNA news feeds and, because only one station in each market could take the proposed newscast, other stations would have been left out in the cold. That, in turn, hindered efforts to get the necessary advertising support to launch such a project.

ITNA's rejection, however, was only a temporary setback. "We knew we were going to have to go it alone," he said, "so we first did a pilot of the newscast with WPIX anchors Steve Bosh and Pat Harper." That broadcast was shown to station managers and potential advertisers.

Mr. Corporan said he wasn't pleased with the initial effort, so INN made a second pilot with a different format, adding Bill Jorgensen to the anchor team. This proved to be more to his liking. "We knew we had something we could go to a few independents and major advertisers with to ask for their support," Mr. Corporan said.

To start with, there would have to be station commitment so that a total of tv household numbers could be used in the effort to get advertising support, he said.

Also, the stations needed to commit themselves with the newscast for a year. "We promised to provide them with five newscasts a week; fed via satellite at 9:30 p.m. ET and gave the stations three minutes in each newscast to sell to local advertisers—that against the three minutes we sold to national advertisers."

In turn the stations could use the telecasts as they wished—preceding or after their own newscasts, or as a station's only newscast. "We even provide a three-minute window at the end of each newscast for those stations on limited budgets to use to air local headlines. No one was told how to use it," Mr. Corporan said.

In addition, INN provided, as it does now, the promotional efforts—through posters and on-air spots—again to be used by the "affiliates" as they wish.

From a news product standpoint, the New York staff, a staff set up in Washington and the affiliates themselves provide much of the material for each telecast. International news comes in via news wire services. The setup, according to Mr. Corporan, helps give the newscast credibility and makes INN a solid competitor, if not alternative, to network news.

He believes INN offers network quality newscasts, despite some criticism that it is not up to network par. "There is just so much that can be done in 30 minutes," he said. The amount of money the networks are able to put into their newscasts cannot improve what 30 minutes will allow, he argued.

And to Mr. Corporan, the bottom line tells the whole story, "We're successful because we are profitable." Although the network won't disclose figures, it does indicate that it started with a budget of $6 million and since then has more than doubled.

With nearly twice the number of stations INN set out to win as charter "affiliates," advertisers were sought to fund the operation the first year.

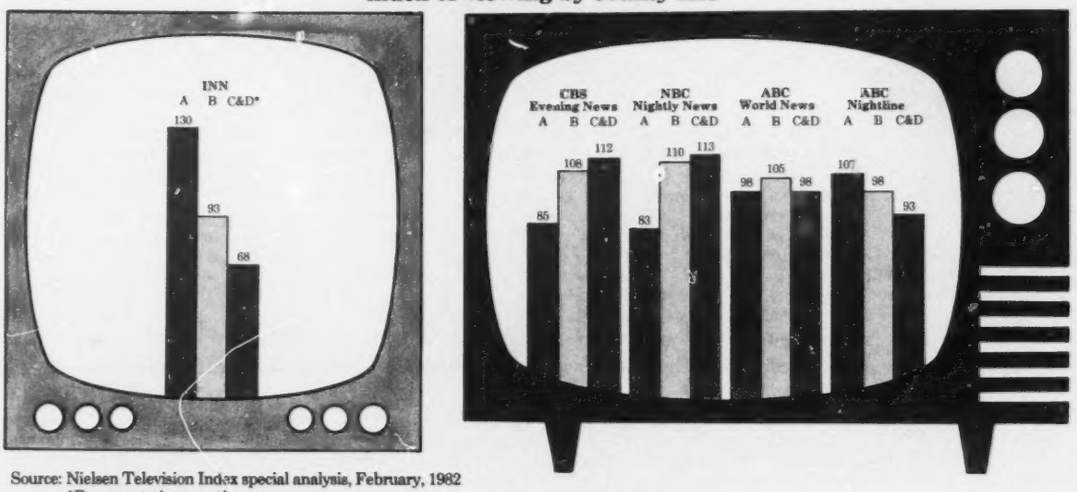
Prime-time airing was to be-

(Continued on Page M-12)

Jim Hammett is a New York-based business writer and former Advertising Age Magazine staff member.

Independent Network News vs. CBS, NBC and ABC News

February, 1982, NTI cumulative audience index of viewing by county size



Source: Nielsen Television Index special analysis, February, 1982
*Representative counties

. . . making headway and headlines

In television's recent entertainment programing history, the adage "Success breeds success" has been rewritten somewhat. In this medium, it's more like "Success breeds spinoffs."

Tv news programing is no different, especially for Independent Network News, the 2½-year-old product of New York independent tv station WPIX, owned by the Tribune Co. From INN's success has grown three other news programs, which, according to John Corporan, is carried by 126 "affiliate" independent stations across the country.

In October, 1981, when INN was a year old, WPIX launched "Midday," a noontime newscast not too unlike its nighttime INN newscast counterpart. "Midday's" development grew out of a situation much like that of INN. Explained Mr. Corporan, "Many of these independent station 'affiliates' have neither the manpower nor budget to put on a noontime news program that handles overnight or early morning news development. This is what it's for."

Of the three INN spinoffs—the other two are "From the Editor's Desk" and "The Wall Street Journal Report"—"Midday" is probably the most successful in terms of the number of stations that carry it—a number that nearly matches that of INN's 83. As with the "parent" program, a total of six minutes of commercial airtime—divided equally between INN and the affiliate—is provided in the 30-minute broadcast. And, as with INN, a three-minute window is added to the end of the broadcast for affiliates to use to air local news headlines if they don't put on their own local news broadcast. "Midday" is fed to affiliates at 11:30 a.m. ET.

INN also started in October, 1981, "From the Editor's Desk," a question and answer news program akin to "Meet the Press" and "Face the Nation."

"Many of the station managers at affiliates that carry our broadcasts suggested we do such a program because we had the resources to get name personalities to come in and face editors from major news organizations." Mr. Corporan said. Unlike its network counterparts, "From the Editor's Desk" is aired at night, generally on Sunday evening after prime time and is carried by about half of INN's affiliates. Commercial airtime is sold in a manner similar to that of INN broadcasts and "Midday."

What Mr. Corporan is the most excited about nowadays is the third spinoff, "The Wall Street Journal Report," a newscast he describes as "a review of the week's significant business and financial news."

Launched in October of 1982, the 30-minute broadcast airs on the weekend varying from market to market and draws much of its content and resources from the *Wall Street Journal*, with INN providing the production staff. "It's the only such program on television now," he claimed, "and we believe it will be very successful." As of now, about 22 stations across the country, mostly in the larger urban areas, carry it.

So what looms ahead? "I don't know what will be next," Mr. Corporan said, "We are counterprogramed as it is and I don't know of any other slots we can fill. I don't think we are going to compete with the networks from 7 p.m. to 9 p.m. They would swallow us alive." —*J.H.*

BEST AVAILABLE COPY

COMMENTARY CORNER

By Randy Reiss

Interference at the movies?

Even though local television station profits continue to be among the strongest of any industry—with record prices being paid for stations, attesting to the ongoing prosperity of local broadcasting—the future picture is filled with potential interference and uncertainty.

Stations, especially independents, are worried that the primary sources of programing—their lifeblood—are in jeopardy. The networks' push to repeal the Federal Communications Commission's financial interest rule threatens to curtail local stations' current access to valuable off-network programing.

First-run syndication programing remains a high-risk venture with only a few program suppliers besides Paramount the only really viable players.

Finally, stations fear that pay-cable services such as Home Box Office, Showtime and The Movie Channel are eroding the performances of current movies and seriously threatening the availability of the future product. While there has been much said and written about the financial interest rules and first-run programing, pay tv's impact on local movies in syndication has become a heated topic of discussion. Most stations view pay tv as another link in the distribution process. Not too long ago, a station could buy rights to a movie after it had played at theaters and on network tv.

Now there is another tier: Movies are sold to the pay channels, which drives up prices and draws away audiences. Everything a station manager hears indicates pay tv is a threat to his business. Even the networks appear to be intimidated by the pay services and are pulling back from movies.

In fact, a positive future for movies in local broadcasting is actually being enhanced by the networks' reaction to the presence of pay tv. The networks are buying fewer movies and taking fewer runs, which is amazing considering that if the pay-tv channels proved anything, it is that Americans have a healthy appetite for movies. So how can the networks relinquish their most valuable programing? Why give up on movies when the network rating declines have not been as great as, for example, the declines for situation comedies or drama series? Recently, NBC would not allow HBO to outbid it for the rights to the series "Taxi," yet it won't bid competitively for movies.

With all of this negative reinforcement, many station managers find themselves in the "me too" syndrome: The other guy is worried so I should be too. There is only one thing wrong with this line of thought—it isn't based on reality.

While pay tv is changing the economics of movie syndication to the point that many syndicators are having difficulty justifying the sale of their film properties to stations at all, the stations should not passively give up on movies. To back away from this proven product and follow in the footsteps of the three networks is absolutely foolhardy. Abandoning movies because their impact might be dissipated by their exposure on pay tv is, quite simply, unnecessary panic.

To begin with, movies are still performing well for local stations—especially independents. Ratings across the country are higher this year than in the past as stations continue to learn how to better schedule their movie packages and develop more effective promotions.

Stations are allowing themselves to become victims of media hype over the exposure problem on the pay channels without investigating the facts. The entire pay-tv universe is approximately 20 million subscribers, with HBO and Cinemax taking the lion's share and The Movie Channel and Showtime dividing up most of the rest.

However, because there is a high duplication factor in pay services, the actual number of different pay-tv households is estimated to be closer to the 12 million or 13 million level. Therefore, a movie running on network tv only delivering a 15 to 20 rating would reach more homes than the entire "real" pay-tv universe. In addition no movie ever reaches the potential audience of a pay channel.

Bearing this in mind, isn't it unusual that when a syndicator offers to a station a movie that had three network runs instead of five, he gets little additional attention for this property? However, if that same syndicator offers a movie that had not been sold to pay tv, he would be much more successful in clearing the title and in generating more dollars for it from the station. As noted, the facts simply do not support this emotional reaction on the part of the stations.

Another thought to bear in mind is that while the pay-tv universe may be increasing, the total potential audience that can be exposed to a movie will be shrinking as the pay services inevitably move closer to title exclusivity. HBO has been saying privately that within 18 months to two years, all of its movies will be exclusive to its own service.

When HBO's exclusivity becomes fact, the potential pay-tv audience for any one particular title—even taking into consideration future growth—will be far less than the current 20 million subscriber universe.

Another factor will be that for independent and affiliated stations alike, there will be less exposure for syndicated movies—so these titles will be fresher to their viewers.

Local stations, through better scheduling and promotion, can still gain the maximum value from movies. To be sure, this reality will be played out in a different economic framework.

At Paramount, we have begun offering our latest movie package—Portfolio X—on a three-year license term instead of the traditional five- to seven-year term. Given the lucrativeness of selling to pay tv, a movie syndicator has no alternative.

The pay channels can pay more for the rights to a title they will own for only six months to a year than a local station can pay for a title they traditionally owned for five to seven years.

Paramount developed the shortened licensing period for one main reason: We want to keep the syndication marketplace alive for movies. If stations lose their access to film programing—which for independents are often the greatest source for revenues—and are then hit by the repeal of the FCC financial interest rule at a time when fewer hit series are coming off-network, the impact on local broadcasting could be devastating.

Our position is to sell to pay tv *and* to syndication, however, for a shorter license period. The solution will probably cost us money as we could make more just selling to pay tv, but we feel a stand needs to be taken.

We also believe, and our research substantiates, that stations do not need the full seven-year term. Station usage of movies during the last years of its contract tends to decline drastically. At the same time that we are asking stations to pay the same or even higher rates for the shortened contract, we are willing to allow them more runs.

With proper scheduling and usage, a station can get more runs from a movie in less time than is currently the case. Stations realize that duplication of audiences in different dayparts is often very low. Showing a movie in daytime in July would probably not duplicate much of the audience that watched it the previous June during prime time.

The reaction from stations to the Paramount plan has been very positive, although some stations do not want to be the first to break with the old way of conducting business. Others are more aggressive and realize Paramount is trying to be a realistic partner in the new marketplace.

Still others are, as always, slow to respond and will come around only when the industry pulls them along. Stations have to stop reacting emotionally to the threat of pay cable.

They cannot afford to walk away from movies unless they are also willing to walk away from the millions of loyal movie viewers that will be forced to turn to pay tv to satisfy their film appetites.

Randy Reiss is president of the television domestic distribution division of Paramount Pictures Corp.

Network

(Continued from Page M-11)

come a key to selling advertising, ad manager John McGowan said. Originally, he sought support from a handful—about five—of major advertisers.

"I guess we started out like Ted Turner—asking a few select advertisers to fund us for a year. But we soon learned we could sell airtime like the networks. We sold out completely [Mobil, Citicorp, Shearson-American Express were among the first] that first year. We then expanded the newscasts to seven days a week, instead of the initial five," he said.

Of course, he acknowledged, it didn't start as easy as all that. "It was a new idea, and people are reluctant to accept a new idea. So we first had to be priced competitively [today averaging $6,000 per 30-second spot]. Matter of fact, everything we offered the advertisers the networks offered, except for one thing—the time slot."

Mr. McGowan said he believed it should be positioned against the networks, specifically, for playback in the last hour of prime time.

"It's a different daypart," he said. "We knew we could reach more people that way—the viewers that won't stay up later for the news."

Only a few air the newscast at a later hour, according to station executives.

When questioned about the newscasts ratings against network prime-time shows, Mr. McGowan said he plays it down. Arbitron showed a 2% rating on a local basis.

"Rating size is an area we have tried to overcome," he said. That, to a large extent, because not all stations air it at the same time.

While most do put the telecast on in the last hour of prime time, some of those stations put it in the first half of the hour, while others place it in the last half of the hour. Stations on the West Coast tend to air it earlier, since the news feed for them is at 6:30 p.m. and aired generally by 7 p.m., John Corporan said.

Nielsen Television Index (NTI) does do a weekly survey of syndicated occasional network programing, which INN compiles with NTI into a special annual. Because, the study is only done once a year, latest available figures, Mr. McGowan said, are for February, 1982.

Mr. McGowan said INN reaches 75% of the U.S. tv market. Its average weekly cumulative audience in its coverage area is 14.6%, or 9.5% of total U.S. tv households. A four-week cume (unduplicated audience) with its coverage is 34.5%, according to the NTI survey, and 22.4% of the total U.S. tv households.

By way of comparison, ABC's "Nightline" reaches 43.7% of total U.S. tv households in its time slot, ABC "World News Tonight" reaches 48.8%, NBC's "Nightly News" reaches 49.3% and CBS' "Evening News" reaches 52.8%, the NTI survey shows.

In real numbers, the survey shows INN's four-week cumulative audience of 18.2 million U.S. tv households; "Nightline," 35.6 million; "World News Tonight," 39.7 million; "Nightly News," 40.1 million; and "Evening News," 43 million.

In addition, the executives said, INN is seen in 44 other markets because most of the INN affiliates are heavily imported by cable systems.

With the recent addition of a few more affiliates, INN reports 83 stations on its list. But that isn't all it claims. According to Mr. Corporan and Mr. McGowan, "We are the fourth network."

Independent Network News vs. other network news shows

Four-week cumulative audience
February, 1982, NTI

	U.S. tv households	
	Percentage	(000)
Independent Network News	**22.4**	**18,260**
ABC Nightline	43.7	35,620
ABC World News Tonight	48.8	39,770
NBC Nightly News	49.3	40,180
CBS Evening News	52.8	43,030

Source: Nielsen Television Index special analysis, February, 1982.
INN M-Sun.; ABC, CBS, NBC M-F

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U.S. Agency Income Profiles

1983 edition A comprehensive report on U.S. agencies:
Their 1982 income, billings, account changes and media mix.

Also, ad portfolios and interviews.

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WASHINGTON DC 20014

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Agency income nears $6 billion in 1982

Y&R holds top spot, Ted Bates takes over second from J. Walter Thompson

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By John J. O'Connor

A national economy chilled by recession and overseas operations plagued by unfavorable currency exchange rates failed to stop the U.S. advertising industry from setting new records in 1982 as gross income rose to $5.88 billion on billings of $39.2 billion.

According to the 39th compilation of agency data by ADVERTISING AGE, last year's gross income was 12.2% above the $5.24 billion reported by 838 agencies in the survey a year ago. In posting a new income mark, the 822 agencies participating in the latest survey saw billings rise 10% over the previous year's record of $35.6 billion.

Last year's income and billings both were more than double 1977's gross income of $2.86 billion and billings of $19.4 billion.

The following five-year summary of gross income charts both the pace of industry growth and the recession's effect: 1978, $3.46 billion gross (up 20%); 1979, $4.10 billion (up 18.5%); 1980, $4.67 billion (up 13.5%); 1981, $5.24 billion (up 12.2%), and 1982, $5.88 billion (up 12.2%).

A total of 52 agencies in the current survey had gross income of more than $15 million last year. The combined gross income and billings of the 52 shops was $4,587,145,000 and on billings of $31,339,524,000, respectively. There were 72 agencies in the $5 million to $15 million category, whose combined gross income was $454,173,617 on billings of $3,209,707,860; 304 agencies in the $1 million to $5 million category, whose combined gross income was $646,419,123 on billings of $3,649,134,530, and 394 agencies in the under $1 million classification, whose combined gross income was $191,722,576 on billings of $1,017,644,760.

Young & Rubicam remained atop the worldwide income rankings for the third consecutive year. The giant agency, whose subsidiaries include Marsteller Inc., Wunderman, Ricotta & Kline and Sudler & Hennessey, reported gross income of $376.6 million on billings of $2.51 billion. In 1981, Y&R and subsidiaries had income of $349.9 million on estimated billings of $2.33 billion.

Ted Bates Worldwide wrested the No. 2 spot in the 1982 income rankings from J. Walter Thompson Co.

(Continued on Page 2)

John J. O'Connor is news editor in the New York bureau of ADVERTISING AGE.

Top 10 agencies in world income
(Gross income in millions)

Rank	Agency	1982	1981
1	Young & Rubicam	376.6	349.9
2	Ted Bates Worldwide	356.1	236.7
3	J. Walter Thompson Co.	347.1	331.7
4	Ogilvy & Mather	315.0	286.5
5	McCann-Erickson	276.1	277.3
6	BBDO International	238.3	205.2
7	Leo Burnett Co.	221.2	198.6
8	Saatchi & Saatchi Compton	186.5	149.3
9	Foote Cone & Belding	178.1	170.3
10	Doyle Dane Bernbach	175.9	166.2

Top 10 agencies in U.S. income
(Gross income in millions)

Rank	Agency	1982	1981
1	Young & Rubicam	246.7	222.6
2	Ted Bates Worldwide	233.4	129.1
3	Ogilvy & Mather	176.9	157.5
4	J. Walter Thompson Co.	167.2	153.7
5	BBDO International	155.0	127.9
6	Leo Burnett Co.	136.0	124.0
7	Doyle Dane Bernbach	129.0	119.2
8	Foote, Cone & Belding	126.8	116.5
9	Grey Advertising	109.0	94.4
10	Dancer Fitzgerald Sample	86.4	76.4

Top 10 agencies in non-U.S. income
(Gross income in millions)

Rank	Agency	1982	1981
1	McCann-Erickson	193.6	201.5
2	J. Walter Thompson Co.	179.9	178.0
3	Ogilvy & Mather	138.2	129.0
4	Young & Rubicam	129.9	127.4
5	SSC&B:Lintas Worldwide	129.4	134.7
6	Ted Bates Worldwide	122.7	107.7
7	Saatchi & Saatchi Compton	117.9	89.5
8	D'Arcy-MacManus & Masius	88.2	90.1
9	Leo Burnett Co.	85.1	74.6
10	BBDO International	83.3	77.3

Top 10 agencies in world billings
(Billings in millions)

Rank	Agency	1982	1981
1	Young & Rubicam	2,511.7	2,334.2
2	Ted Bates Worldwide	2,374.0	1,578.1
3	J. Walter Thompson Co.	2,315.2	2,212.7
4	Ogilvy & Mather	2,151.0	1,933.8
5	McCann-Erickson	1,841.4	1,849.3
6	BBDO International	1,605.5	1,400.0
7	Leo Burnett Co.	1,487.4	1,336.0
8	Saatchi & Saatchi Compton	1,302.6	1,020.6
9	Doyle Dane Bernbach	1,235.0	1,150.7
10	Foote, Cone & Belding	1,195.9	1,153.5

Agency of the Year O&M livens up—again

By Joseph M. Winski

In "Confessions of an Advertising Man" David Ogilvy talks about the life cycle of an advertising agency.

It is born, invariably of men with creative fires in their bellies. It gets accounts from "soft old agencies." It does great work.

It prospers. It grows large. Its momentum becomes spent; dullness and dry rot set in. Then "the emphasis shifts to collateral services, to conceal the agency's creative bankruptcy."

Mr. Ogilvy wrote that in 1963. His agency—then known as Ogilvy, Benson & Mather, today as Ogilvy & Mather International—was 15 years old at the time, and nowhere near creative bankruptcy. Indeed, Mr. Ogilvy observed, it only recently had begun to redress a "lopsided reputation for creativity" by hiring a top executive from Benton & Bowles, "widely regarded as the best of all agencies in the marketing area."

For a while, the agency maintained the delicate balance between creative and business operations. But then what David Ogilvy had warned about began to happen to his own agency: The emphasis shifted markedly toward account management.

In the mid-1970s, O&M surveys of advertising clients of New York's 15 largest agencies showed repeatedly that Ogilvy was regarded as a top-notch strategic agency that was turning out workmanlike, but for the most part uninspired, advertising.

An accomplished young admaker named Curvin O'Rielly went to work at Ogilvy and lasted about three months.

"They were functioning like a bank," Mr. O'Rielly recalls. "Ogilvy was a large financial institution that was doing dull and predictable work."

David Ogilvy, who at 71 is still the agency's international creative head, would not have that. In speeches, missives from his castle in France and biting comments scribbled on Ogilvy ads, he grabbed his agency by the scruff and shook it from its lethargy, demanding a return to creative glory. Management—led by former Ogilvy & Mather International chief executive Jock Elliott and his successor, current ceo William Phillips—got the message.

Freshening a long-running campaign, Tom Landry was the 56th personality to ask "Do you know me?"

They imported a jaunty iconoclast named Norman Berry from London to be creative director of the New York office. They made Kenneth Roman, a veteran account executive attuned to the ways and wants of creative types, president of Ogilvy & Mather USA. In a move that has proved as key as any, they told a restless perfectionist named Hal Riney to set up an O&M office anywhere he wanted.

According to Mr. Ogilvy, selling should be done with taste: "The housewife is not a moron, she is your wife."

The ads got perceptively better. Awards rolled in, and in an agency survey last April of clients of the top New York agencies, Ogilvy & Mather ranked No. 1 in creativity for the first time. It repeated the performance in September.

Mr. O'Rielly, who could stand just a few months at Ogilvy five years before, came back last May as creative head of Ogilvy's Chicago office. A veteran of such acclaimed creative shops as Ally & Gargano and Young & Rubicam, Mr. O'Rielly says flatly that "Ogilvy & Mather is doing the best work in all of advertising today. Suddenly the renaissance is taking place."

Hal Riney and O&M's San Francisco office produced this award-winning campaign for California First Bank.

There is considerable agreement in the industry about that, and the assessment is shared by the editors of ADVERTISING AGE, who have named Ogilvy & Mather Agency of the Year for 1982.

In the last few years, Ogilvy & Mather's hallmarks have become its consistency—over time, across its various offices, across clients—and its balance. The agency not only has achieved again that rare equanimity of creative and business excellence, but balance within its advertising as well. It is as adept with the emotional appeal—as in O&M San Francisco's subtly wry Henry Weinhard's Private Reserve spots or its fabled "Billy Ball" campaign for the Oakland A's baseball team—as it is with flat-out logic—as in the Chicago office's work for the Wagner Power Painter, which won a $10,000 1982 David Ogilvy award given for campaigns that produce the best sales results.

O&M won American Bell, one of 1982's most coveted accounts, with estimated billings of $40 million.

As befits an agency nurtured from birth by David Ogilvy's gracefully elegant prose, O&M today may be the country's premier print agency. Its Paco Rabanne magazine ads, with frankly sexual copy that is said to have made Mr. Ogilvy blush, won the Magazine Publishers Assn.'s first Stephen E. Kelley award for magazine advertising last year; its classic, long-copy work for Peugeot was a runner-up.

This year, three Ogilvy campaigns—for International Paper, Pepperidge Farm cookies and Aramco Services (a recruitment campaign)—were among the 24 semi-finalists in the Kelley competition; only one other agency

(Continued on Page 2)

Joseph M. Winski is editor-at-large of ADVERTISING AGE.

O&M: Agency of the Year

(Continued from Page 1)

had as many. The International Paper effort, which won the award, resulted in 10 million reprint requests. The company says it still receives a thousand requests daily for the "printed word" campaign on improving literacy skills.

Ogilvy has excelled at keeping long-running campaigns fresh, a task that Mr. Berry, the New York creative director, calls the "most important single thing in any advertising work." The latest example is the American Express commercial featuring Dallas Cowboy coach Tom Landry in outlandish cowboy gear. Mr. Landry was the 56th personality to ask "Do you know me?" in the American Express campaign, which began in 1974 and has been a constant Ogilvy bright spot.

The Landry commercial is one of several recent Ogilvy efforts that has entered the public vernacular. Another is the "Kids fly free" TWA commercial in which youngsters say, with some confusion, where they'd like to go on vacation. The agency's Smith Barney commercials with actor John Houseman and Karl Malden's spots for American Express Travelers Cheques long ago provided material for Johnny Carson monologs, as well as a boost in business for both advertisers.

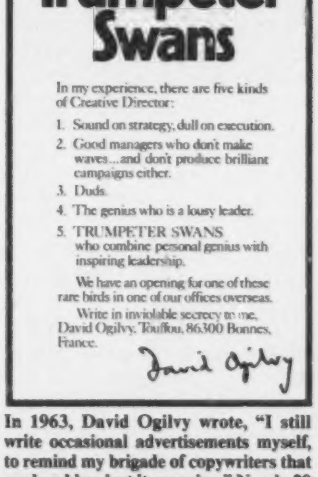
Ogilvy has handled new products with equal flair. Last year's work for Avon's Fantasque helped make it the most successful perfume launch in U.S. history, according to Graham Phillips, managing director of O&M New York. He says advertising for Le Menu, a new Swanson frozen entree, caused such heavy demand that Swanson couldn't keep up; and that work for Pepperidge Farm's Vegetables 'n Pastry helped create "a $60 million-to-$70 million business out of thin air."

And last year—technically just after midnight this year—Ogilvy helped launch not a new product, but a new company, American Bell. Ogilvy won American Bell's Advanced Information Systems account, one of last year's most coveted, after a series of four presentations, including the showing of speculative creative work.

"The advertising that is running today is the advertising we presented," Mr. Phillips notes; it clinched, he says, what is the agency's most important piece of new business since it landed TWA in 1979, and one that is expected to grow rapidly from this year's estimated billings of $40 million.

Ogilvy New York beat out N W Ayer, Ketchum Communications and Campbell-Ewald for the account by presenting case histories of Ogilvy work that spoke to the problems American Bell would face. Among them were campaigns for Cessna Aircraft, which demonstrated Ogilvy's experience in selling expensive equipment to corporations; Nimslo 3-D cameras, to show how to sell a new technical product (for Nimslo, Ogilvy produced commercials that simulated the 3-D effect); TWA, to show how to operate in a deregulated environment, and Owens-Corning, to show how to reach a broad, but segmented market.

Also among the Ogilvy weapons in its presentations was a wall-to-wall foldout detailing the agency's comprehensive work for American Express, ranging from tv commercials custom-


Wanted by
Ogilvy & Mather International
Trumpeter Swans
In my experience, there are five kinds of Creative Director:
1. Sound on strategy, dull on execution.
2. Good managers who don't make waves... and don't produce brilliant campaigns either.
3. Duds.
4. The genius who is a lousy leader.
5. TRUMPETER SWANS who combine personal genius with inspiring leadership.
We have an opening for one of these rare birds in one of our offices overseas.
Write in inviolable secrecy to me, David Ogilvy, Touffou, 86300 Bonnes, France.
David Ogilvy

In 1963, David Ogilvy wrote, "I still write occasional advertisements myself, to remind my brigade of copywriters that my hand has lost its cunning." Nearly 20 years later, he is still at it. Shown is an ad Mr. Ogilvy wrote for the June 11, 1982, issue of *Campaign* magazine.

ized for local markets to last year's 95 million direct-mail pieces for credit cards alone. Direct mail and will play an important role in the AIS campaign.

O&M New York last year continued to erase the memory of former Maxwell House spokeswoman "Cora"—considered by some an eminently erasable copy of Folger's "Mrs. Olsen"—with its warm "Feelings" campaign, featuring the singing of Ray Charles. Ogilvy says the commercials have boosted sales and improved attitudes toward coffee among the younger target audience.

TWA's Ambassador Class campaign aimed at business travelers, in which Wilt Chamberlain and Kareem Abdul-Jabbar match frames, continued to be one of the agency's most successful campaigns, according to Mr. Roman. "They've increased their share, they've increased their load factor," he says. "In a deregulated environment, they're going to be a survivor."

There was good work from the outposts as well last year. A commercial for California First Bank by Hal Riney and his San Francisco office was the only U.S. effort to win a Cannes Film Festival award. The Henry Weinhard's Private Reserve campaign won the best-of-show award in tv advertising at the International Film & TV Festival in New York in November. All told, the office's awards listing ran to six typed pages.

Mr. Riney also came up with the signature line—"All the best"—and the beautifully photographed commercials that virtually stole the Gallo premium wines account from NH&S/USA. For good measure, Mr. Riney was the subject of the first story in Advertising Age Magazine's "Admakers" series (April 26).

The Los Angeles office, under creative director John Carter, a 1979 import from a Canadian creative consulting company, continued its well received work for Mattel Inc. Mattel's rapid increase in ad spending has pushed it ahead of General Foods as Ogilvy's biggest account. O&M Houston was named that city's agency of the year for the third straight year, and O&M Atlanta last month won the Atlanta Ad Club's 1982 best-in-show award for a consumer magazine campaign for Faucett Peruvian Airlines.

O&M Chicago broke a tough, attention-getting comparative campaign for new client Parker Pen.

To round off what has to be considered last year's virtuoso performance, Ogilvy also produced 2,200 individual American Express radio spots featuring local restaurateurs, mailed out its one billionth Shell Answer Man booklet, orchestrated a high-profile credit card promotion that made Shell Oil No. 1 in oil-company credit cards outstanding and helped the Knoxville World's Fair reach its once improbable goal of 11 million in attendance.

There were some disappointments. The sluggish economy caused the publicly owned agency's net income for the year to decline by 10% to $14.8 million from $16.5 million. It lost the Royal Crown Cola account, despite some arresting new-wave commercials much admired at Ogilvy and elsewhere. "It was not the creative work that lost that account," Mr. Berry says. "It was lovely work in an extremely difficult category where you are outspent 40 to 1; and the fact that we lost the business makes me no less proud of that advertising." The agency also was beaten in creative shootouts for the Hallmark account—despite a visit to Hallmark by David Ogilvy—and for the Sears corporate merchandising account. •

Robert and Mathilde, fresh from riding in a Peugeot 505 for 3,000 miles on one of the most horrendous roads in the world.
PEUGEOT

Its classic long-copy work has helped make O&M what some call the country's premier print agency.

International Paper has sent out 10 million reprints from its Ogilvy-developed "printed word" campaign.

When Mr. Roman became president of Ogilvy & Mather U.S. in 1979, he said his primary objective was to see Ogilvy become "the hot creative agency." He says Ogilvy has become just that, and he gives a lot of the credit to Mr. Berry, who has transformed O&M New York into the role model that an agency's flagship office ideally should be.

A native Londoner with a craggy Peter O'Toole handsomeness, Mr. Berry says he was "inadvertently" acquired by Ogilvy when it bought out an agency that had merged with an agency he co-owned. His father, ex-wife, ex-father-in-law and daughter all did, or are doing, time in advertising, Mr. Berry says.

He arrived in New York in 1979 in his round-collared "Dr. Zhivago"-inspired shirts (custom made at Turnbull & Asser in London, and having the chief virtue for Mr. Berry of not accommodating neckties), politely declined to carpet his office in Ogilvy red and immediately began espousing some deeply felt notions about being, as the agency's founder would put it, "an advertising agent."

"The real test of an advertising agency," Mr. Berry says, "is whether it does outstandingly good work across all its clients. It is the depth of originality, of creativity, that I'm interested in. There are a lot of agencies who say, 'Well, let's have the showcase accounts and then the other.' I think there is something essentially immoral about the idea that you have accounts on which you do great creative work and accounts on which you just crank out the sausage.

"I'd take as much pride—indeed, more—if one could do work for, say, a detergent that within its category is perceived by the industry to be outstanding creative work. I'd rather do that than lots of boutique stuff. Anybody can do that.

"What enormous pleasure I have, to give you an example, in Huggies, for Kimberly-Clark, a wildly successful brand. It is in against P&G, Luvs and all that. It is essentially a parity product, but it is doing marvelously well. The work is demonstrably more original, more to do with people, less to do with formula."

Mr. Berry says Ogilvy has no accounts on which it is, in effect, turning the handle; it is forbidden. "To require, and say, to your staff that what you are looking for is outstandingly original, relevant creative work, and then when it comes to the crunch to say, 'Well, we really only mean that on *some* of the accounts,' is to create, and deservedly so, a cynicism amongst your own staff. You then get the work that you deserve."

He continues: "There's a marvelous quote from Alex Kroll [president of Young & Rubicam] on this debate over how the U.S. lost its leadership in advertising. And his answer was, 'We stopped trying to have it great and decided to have it on Tuesday.' That's what I'm particularly proud of at Ogilvy—one has not given up on having it great."

Ogilvy & Mather, which this year celebrates its 35th birthday, had billings of $2.15 billion last year (up 11%), including $1.18 billion in the U.S. (up

(Continued on Page 4)

Past winners

For the past 10 years, Advertising Age editors have voted for U.S. Agency of the Year. Previous winners:

1973—Cunningham & Walsh
1974—Scali, McCabe, Sloves
1975—Leo Burnett Co.
1976—DKG Advertising
1977—Needham, Harper & Steers
1978—N W Ayer and Young & Rubicam
1979—Henderson Advertising
1980—Chiat/Day
1981—Ally & Gargano

Income nears $6 billion

(Continued from Page 1)

Bates surged from fifth to second place as a result of its 1982 acquisition of William Esty Co., the largest transaction in agency history.

Bates' total gross income was $356.1 million in 1982 on billings of $2.37 billion.

Thompson, the largest subsidiary of JWT Group, a holding company formed in June, 1980, reported gross income of $347.1 billion in 1982 on billings of $2.31 billion. Included in Thompson's figures are the billings and income of four subsidiaries: JWT USA, Thompson Recruitment, Brouillard Communications and Deltakos. The foregoing JWT units, coupled with other subsidiaries operating within the JWT Group, gave the parent company gross income of $433.5 million on 1982 revenues of $2.89 billion.

Other units within JWT Group include Hill & Knowlton, the world's largest public relations agency; Euro-Advertising International; Lord, Geller, Federico, Einstein; Survival Anglia, and Simmons Marketing Research Bureau.

JWT Group in 1982 was affected by costs associated with the closing of its scandal-ridden JWT Syndication unit, recruitment advertising losses, currency losses from the Mexican and Argentine devaluations and higher tax rates.

In view of Y&R's large subsidiary family, as well as the magnitude of the Bates/Esty merger, Advertising Age last year undertook a review of its long-standing policy that excludes holding companies like JWT Group and Interpublic Group of Cos. from any ranking of agencies.

AA concluded that JWT Group and Interpublic are simply not advertising agencies. In addition, unlike other large agency families or "quasi-holding companies," both have stressed the separate identities and independence of their agency networks, *e.g.*, J. Walter Thompson Co. and sister unit, E-A International.

(For the first time, brief profiles of Interpublic and JWT Group appear in the "gross income over $15 million" section.)

Interpublic Group of Cos. reported 1982 gross income of $541.7 million on billings of $3.29 billion. Its units include McCann-Erickson Worldwide; Campbell-Ewald Worldwide, and SSC&B: Lintas Worldwide.

Young & Rubicam, Bates and Thompson were followed in worldwide gross income by Ogilvy & Mather ($315 million); McCann-Erickson Worldwide ($276.1 million); BBDO International ($238.3 million); Leo Burnett Co. ($221.2 million); Saatchi & Saatchi Compton ($186.5 million); Foote, Cone & Belding ($178.1 million), and Doyle Dane Bernbach ($175.9 million).

In terms of U.S. income, Y&R again was in the top spot with a total of $246.7 million. It was followed by Bates, $233.4 million; O&M, $176.9 million; Thompson, $167.2 million; BBDO, $155 million; Burnett, $136 million; Doyle Dane Bernbach, $129 million; FCB, $126.8 million; Grey Advertising, $109 million, and Dancer Fitzgerald Sample, $86.4 million.

This is the seventh year that AA has ranked agencies by gross income rather than billings. The change was made because most agencies recognize gross income as a more meaningful measure.

AA rejected income reports of 53 agencies for lack of information or supplying obviously erroneous data. In addition, the U.S. Postal Service returned 31 questionnaires stamped "addressee unknown."

Comparative tables of agency figures begin on Page 10.

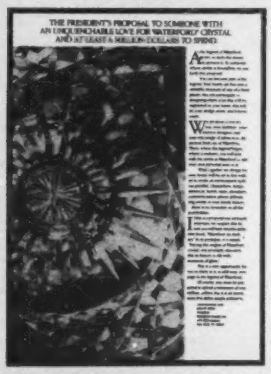
U.S. Agency Income Profiles

How the competitors fared in 1982

Doyle Dane Bernbach: Making ads accepted, believed, persuasive, urgent.

A comprehensive view of the agency business begins on this page, as ADVERTISING AGE presents profiles of U.S. agencies and their gross income in 1982 and 1981, billings, accounts won and lost, media mix, top personnel, number of employes and phone numbers. The agency profiles are arranged alphabetically by income groups. The first group comprises agencies that recorded gross income of more than $15 million in 1982.

Campbell-Mithun: Personality that is distinctive and memorable.



Pesin, Sydney & Bernard: Establishing a level of elegance.

Don Tennant Co.: A strong image linked to a solid product.

Admarketing Inc.

Gross Income	1982	1981
U.S.	$18,750,000*	$12,750,000*
Total	$18,750,000	$12,750,000

*AA estimate

Admarketing Inc., Los Angeles, is estimated to have had gross income of $18,750,000 in 1982 on billings of $126,200,000. Its gross income in 1981 is estimated at $12,750,000 on billings of $85,000,000.

The agency's 1982 volume consisted of $125,000,000 in media and $1,200,000 in materials and services.

Its 1981 U.S. volume consisted of $84,000,000 in media and $1,000,000 in materials and services.

In 1982, the agency gained ON TV (Chicago, Phoenix, Miami, Dallas, Portland) Jet America, Air Cal, MCA Records, New World Pictures, Hartman Catalog and 20th Century-Fox Television. It lost Spectrum (Chicago), ON TV (Detroit) and VEU (Dallas).

Billings breakdown: Newspapers 3%, magazines 3%, radio 5%, spot tv 87%, outdoor 1%, direct mail 1%.

The agency has 250 employes in three offices; a year ago it had 190.

Top execs: Jack Roth, president; Bob Recht, chairman; Jerry Lapin, exec vp; Martin Cagan, Tony Naish, George Abdell, Stan Silverman and Victoria Mondae, senior vps.

Phone: (213) 658-7011.

Ally & Gargano

Gross Income	1982	1981
U.S.	$16,853,000	$11,750,000
Total	$16,853,000	$11,750,000

Ally & Gargano, New York, reported gross income of $16,583,000 in 1982 on billings of $125,970,000. Its gross income in 1981 was $11,750,000 on billings of $82,884,000.

The agency's 1982 volume consisted of $108,000,000 in media, $11,289,000 in materials and services and $5,381,000 in capitalized fees. Its 1981 U.S. volume consisted of $69,530,000 in media, $7,478,000 in materials and services and $5,876,000 in capitalized fees.

In 1982, the agency gained additional Commodore Business Machines billings, formerly at Kornhauser & Calene, as well as Midway Airlines, billing $4,000,000 million, from Zwiren/Wagner, Chicago.

It lost Pentax Corp., billing $13,000,000, to Campbell-Mithun, and Kayser-Roth.

Billings breakdown: Newspapers 6%, magazines 19%, radio 1%, network tv 26%, spot tv 47%, business papers 1%.

The agency has 209 employes in one office; a year ago it had 155.

Top execs: Carl Ally, chairman; Amil Gargano, president-ceo; Edward Gallagher, exec vp-coo, and Harold Weston, Michael Tesch, exec vps.

Phone: (212) 688-5300.

N W Ayer Inc.

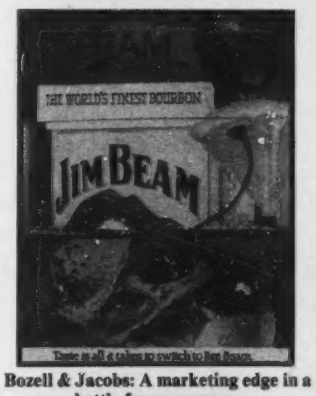
Gross Income	1982	1981
U.S.	$73,100,000	$68,400,000
International	10,800,000	9,180,000
Total	$83,900,000	$77,580,000

N W Ayer Inc., New York, reported gross income of $83,900,000 in 1982 on billings of $587,000,000. Its gross income in 1981 was $77,580,000 on billings of $532,255,000.

The agency's 1982 U.S. volume of $515,000,000 consisted of $403,100,000 in media, $63,700,000 in materials and services and $48,200,000 in capitalized fees. Its 1981 U.S. volume of $470,635,000 consisted of $368,935,000 in media, $59,300,000 in materials and services and $42,400,000 in capitalized fees.

The agency's overseas volume was $72,000,000 in 1982 and $61,620,000 in 1981. It did not break out its overseas figures.

In 1982, the agency gained ABC News; CN Rail division of Canadian National; *House & Garden*; Dart & Kraft (KitchenAid division of Hobart Corp.), billing $5,000,000 to $8,000,000, from Griswold-Eshleman; J.C. Penney Financial Services, billing $10,000,000, from Wells, Rich, Greene; Chicago Promotion Council; Cadre Inc.; CommuniCom Inc.; Gen-



Bozell & Jacobs: A marketing edge in a battle for supremacy.

Smith, Badofsky & Raffel: Demonstrating the client's product.

Portraits and Portfolios

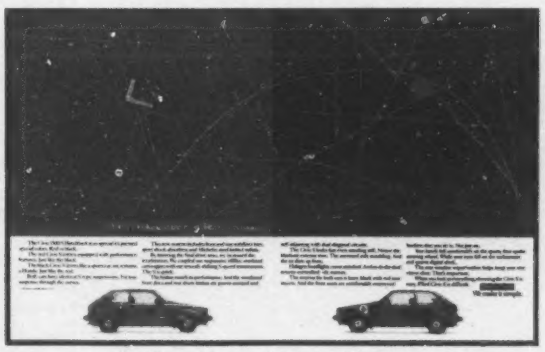
We asked a group of agencies to submit a statement of philosophy that guides them in creating advertising for their clients and to include a few ads that support their philosophy.

We also talked to a few people behind the scenes of creative departments around the country—some names may be familiar to you, and some you may not have heard of.

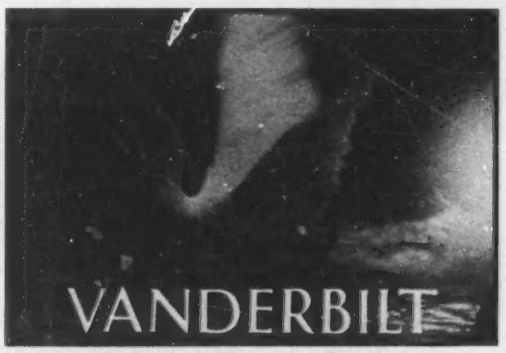
These people have their own ideas about creativity, and the advertising they produce takes on a special personality.

Throughout this issue, we'll present these portraits and portfolios, beginning with a mix of color ads from various agencies on this page.

Carmichael-Lynch: Clarity, believability and a ton of impact.



Needham, Harper & Steers: Six years of making it simple for Honda.



Geers Gross: The creation of a unique visual and verbal hook.